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Watson, John Broadus

Present economic  
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New York

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PRESENT ECONOMIC  
CONDITIONS

—  
SOME PRACTICAL LESSONS  
TO BE DRAWN

—  
BY JOHN B. WATSON  
OF THE J. WALTER THOMPSON COMPANY



## PRESENT ECONOMIC CONDITIONS

### SOME PRACTICAL LESSONS TO BE DRAWN

*Mr. Chairman and Members  
of the Associated Dress Industries of America:*

Since I received the rather startling news the other day that I was to have the pleasure of addressing you on this occasion I have been wondering perhaps even more than have you what I could say that would interest you on the all-embracing topic of present economic conditions. Those of you who know my academic background will realize that while I am familiar with the kind of dresses infants wear I have very little technical knowledge of the dress of adults. On the matter of present economic conditions I fear I am possibly even more unacquainted. I hope my knowledge is a little broader than that of the Kentucky farmer I recently heard of who, when asked about economic conditions in the South, replied: "Well, Sir, I don't know much about cotton or wheat, but I do know that corn is running eighteen gallons to the bushel."

I think my only right to speak on such a subject comes from the fact that all through my experience in psychology and in advertising I have been an observer of human nature. I believe that most of our problems are to be settled by observing human beings and I think this applies to the dress industry as well as to all other industries. I preached accurate observation of human behaviour while I was in psychology. I found no reason to change my opinion

of the importance of this after I entered the business world. After all, the ultimate consumer is the most fascinating problem in the universe both to the psychologist and to the manufacturer.

Studying the needs and the ways of the people seems to be the only procedure that will bring us safely through our various and often repeated national and international, social and political crises. One who studies human events cannot help but be interested in the various telegrams sent to Washington suggesting "cure alls" for our social and political evils. A few years ago it was woman suffrage. Give us woman suffrage and all our troubles will disappear as mist before the dawn. Next it was prohibition. Give us prohibition and all crimes will be forever swept from the face of this fair United States. Now it is disarmament. Keep the nations from carrying pistols and they will have no thoughts about fighting. Already strong agitation has started against smoking. According to agitators "legislation—legislation" is the hope of the nation. Will legislation cure all our troubles, end all our strikes, give us a wide enough margin of profit on our wares? Make the world a wonderful place to live in? Never! Consider woman suffrage and then the Tammany majority! Consider prohibition and the recent wave of crime! Will the Peace Conference do it? I think not. I was much interested in an old Cruikshank drawing the other day called "The Passing Comet of 1853." In the center of the picture was a big banner and on that banner the strange device, "Peace Conference." Political history at any rate repeats itself endlessly. Such diplomatic and politi-

cal ups and downs will always confront us. They will continue to appear in cycles and waves.

I feel that business must rise above politics and diplomacy. It must ultimately be placed upon as firm a foundation as are our sciences. Politics do not affect our physics and chemistry—their bases are too secure.

We have studied machinery and factory organization until we are well equipped on the manufacturing side but we have learned little about the psychology of the American people—about the man who manufactures and the man whom the manufacturer employs, and least of all about the great public the manufacturer serves.

Everyone wants to see the workers have a fair wage and every fair-minded individual wants to see the manufacturer receive a fair margin of profit. I feel that this organization is beginning to get a grip on these problems. It has stood always for broad-minded arbitration of differences among manufacturers themselves, and among manufacturers and retailers. It has stood for honest relationships between employer and employees. It has been, and will continue to be, successful in these efforts. I do not know whether you have called the studies upon which you have based your action psychological or not, but they are psychological and they are based upon a real study of human behaviour. You are making an earnest effort to find out what is needed. You are determined to supply these needs even if it means deporting several thousand labor agitators and putting out of business a few but not inconsiderable number of inconsiderate manufac-

turers. I do not have the temerity to rush in and to offer you advice upon such purely internal problems.

There are two things, however, relating to important outside matters that I think you may be interested in. One is—*can the study of the psychology of the ultimate consumer help the dress industry, and if so, how?* The other is, *can the big agency help you in increasing your sales and in stabilizing your business in times of depression?* It will be my endeavor to show you that these are both fertile problems and that they are not so disconnected as they seem to be.

How can the study of behaviour help you?

Let me take an illustration from your own field. Early last spring the Paris dressmakers did their best to force long skirts upon the American public, selling models and almost giving them away to the bell wethers of fashion in the United States. These models were taken up broadcast by manufacturers in this country, apparently without a thought of the psychology of the people. They felt, apparently, that of course the American women would come to it. Publicity in the rotogravure sections of the papers was sought and obtained. Moving pictures were utilized, and the fashion magazines put their hands to the plow. You are beginning to find out that aside from evening gowns the resistance is almost too great—that you had made a mistake in not consulting the desires of your public. We have the most beautiful woman in the world in America, and her attitudes and customs differ from those in Paris. Our women are not shackled by the customs of the convent—they see no reason why if they have good looking legs they may not decently show them. The

dress industry forgot another fundamental thing, too. We men like short skirts and wonder why we should not be allowed to gaze in admiration at something we want to see.

I was once asked by a member of one of the largest of our philanthropic organizations in New York City—an organization interested in bringing about dress reforms—when women would cease to be foolish and learn to wear flat heeled shoes. I said to the reformers: “They will wear flat heeled shoes only when you teach the men not to like a pretty foot and not before.” This was five years ago. That the flat heeled shoe has partially made a success is due to two or three things—the large number of women engaged in industrial work where common sense demands the wearing of flat heels and partly through the power of publicity. Styles can be put over, provided you can get enough space in the daily papers, and the proper number of feet of film in the moving picture houses. But what is the use of attempting to put over styles in this way by sheer force of publicity when you can go the other way around and give the people what they really want in style and fabric.

I think you had another forceful example, and, at the same time, a rather bitter one, of the kind I am driving at. Early last spring your fabric makers and the men responsible for the dress industry met together and said that velvet would be the prevailing style in the fall. Dealers stocked up heavily on dresses made of this fabric. You missed your guess, and today your counters are piled high with velvet goods.

Investigation on a big enough scale made by men and women well trained in observing, men and women who understand the psychology of the people—would have enabled you to get at the wants and desires of your market and guarded you against such pitfalls. That we cannot find out when people are tired of certain styles and certain fabrics, and desire a change in both, is to me unthinkable.

Sometimes when I talk to dress manufacturers in this way they say, "Sh, not so loud. We have to have a large turnover of styles—the American woman must be taught to change her styles and fabrics often or we would go out of business." If I believed this I would of course keep my thoughts to myself, but I don't believe it. In the long run, over stimulation of sales gets us nowhere. If the fabric manufacturer will calmly examine his shelves for stored goods that the public does not want and will not buy, and will count up the colossal waste in his business due to bad guesses, I doubt if it would take much to convince him that it would pay him better to manufacture a smaller number of lines and only those the people want. If the manufacturer in the dress industry were to take stock of the models in his display rooms that will not sell—if he will face the fact that out of eighty guesses he may hit ten right he, too, may be convinced that it may pay him to find out what the public wants before he plunges.

Without choosing further illustrations I think I can make my point clear by saying that you have not made a clear-cut distinction between changing a *mores* or deep seated custom and changing a fleeting style. The *mores* may be changed slowly if at

all; styles may be changed over night. It is indefensible but nevertheless a part of our mores to wear mourning for our loved ones. This custom, as you know, has been changing slowly in the last ten years. It is a part of the mores of the Italian women to wear bright colors. It would take a good many decades to change this. We have had our own mores—the Continental dress, powdered hair, hoop skirts, etc. We have our present mores—the evening dress of man, golf trousers, wearing hats on the only covered and protected part of the body we have, and the like. We get away from them slowly and through the course of many years. There is an interesting analogy between the changes in dress and the evolution of species. There is the same strife among styles as there is among biological variations. The changing styles represent variations. The mores represent what survives. In the process of becoming mores are bobbed hair, going without corsets, short skirts and a host of other styles I might mention. To attempt to cut ruthlessly into this "process of evolution" means disappointment and loss of profit.

Having found out what the public wants, and manufactured it, you must tell your public where and how to get it. This brings me to my other point—namely, the help the big agency can give you in putting your wares before the public in such a way that it will feel its needs and hasten to supply them.

The big agency assumes first that your product is right, or that you will make it right before it will take your advertising. In the second place, while it does not wish in any way to usurp the place of your



sales manager, it, nevertheless, is always ready to step in to assist him. The big agency, on account of its varied experience in selling many different types of merchandise, on account of its wide knowledge of markets, has built up a background to use in solving your problems. The data it can give you is of inestimable value in the everyday business of selling, routing salesmen, keeping you informed of market conditions and competition, preparing suitable portfolios for you, window trims, dealer helps and a thousand other services.

Important as all these are, they are not the main functions of the big agency. Its function is to know the needs and ways of the public—to study and to understand the psychology of your market—so that it can, by the printed page, build up a consumer demand for your products. It is its function to find out what you are selling, to whom you can sell it, and where and when you can sell it. It is its duty to find out the resistances to your product and to overcome those resistances.

I understand that few of your members advertise. Just why this is, is not so easily understood. You surely have faith in your merchandise. You would rather sell it under your own name than have it dumped into a nameless pile along with the inferior products of manufacturers who do not spend one-tenth of the care upon its details that you do.

I fear that your reluctance to make advertising an integral part of your growing business comes from your lack of familiarity with advertising. You are naturally timid about going into something you do not fully understand. Were you as familiar with it

as we are—as familiar with it as you are with your cutting and finishing departments, the mystery of advertising would disappear. It would seem to be just as natural and just as useful a tool as one of your power machines. You would regard it merely as another link in the chain of your operations which begin with the fabric and end, or should end, when the finished garment is in the hands of the ultimate consumer.

It does take courage to advertise. Unless you are prepared to force the public to think in terms of your label, and to force your label on the dealer, even if it does mean steadily growing volume, rather than temporary and occasional spurts of selling, you had better keep out of advertising. If you feel constrained, after advertising, to sell as much of your goods as you can under a given label, and then to tear off that label and sell as much as you can to other retailers in the same town, you had better keep out of advertising.

Honest merchandise, an honest label, with that label appearing on every piece of merchandise, is the back-bone of the demands that will be made upon you if you advertise.

I believe it was Mr. Parlin of the Saturday Evening Post who pointed out long ago that more bad merchandise can be sold in a five year stretch of time without advertising than with it. The reason is clear. When you advertise people talk of your product, news about it scatters rapidly. A few faulty articles purchased by one or two people who are treated badly when they try to return them, and then the world begins to connect your name

with a poor product. It is a case again of giving a dog a bad name. It is interesting to note in passing that if a brand name has been well stamped in and become favorably known, the public will excuse the occasional slips that occur in the best of manufacturing plants. If you buy a new and unknown car, and defects appear the first time you go out in it, you are likely to say: "It serves me right for buying something I had never heard of before." But if you buy a Cadillac or any other well and favorably known car, and defects appear, you do not condemn the make; you are more than likely to say, "Well, isn't this just my ——— luck? Those people make a hundred thousand good cars a year and I had to draw the only bad one." The moral I would make is that you must have something stronger than a printed guarantee to put before the public. You must keep your good name ahead of your promises. I know a firm selling tires who say they will not guarantee their tires—holding that their name is the best guarantee. Each retailer that handles your goods and each salesman the retailer employs should be taught that you mean it when you say you will gladly replace merchandise bearing your name if any defects are found in the article originally sold. I was in Baltimore a week ago. I went to Lucas Brothers, stationers. I said to them, "This Waterman pen leaks a little, and has leaked since I purchased it here a year ago." The clerk looked at it and said, "There was evidently a slight defect in this pen when you bought it. Here is a complete new pen upon which the cap fits properly." Is it any wonder that the Waterman pen has made a success?

If your goods are manufactured properly the amount of merchandise returned will represent a very small percentage of your total volume—your loss from this source will be infinitesimal. It is well to remember in this connection that the worst advertisement in the world is a dissatisfied woman customer.

The resistance to the branded product in your field is very strong. You know, as I know, that it is extremely difficult to get the big department stores and the big retailers anywhere to sell your goods under your own label. The reasons for this are partly your own fault. Both the retailer and the ultimate consumer have been stung by manufacturers who felt that they could get away with a cheap product by advertising it. This resistance must be broken down. To expect to break it down in six months or a year is expecting the impossible. You must look upon the initial steps of your advertising as a part of your investment. Even if it takes two or three years to build up a great volume you should not be discouraged. If the product is right and the advertising is done well, ultimate success is absolutely secure.

After a brand name has been well stamped in, you have a balance wheel in your factory and an asset to hand down to your children and your grandchildren. It is a balance wheel which keeps machinery going when fluctuations in the market and temporary depressions appear.

I see I have already used up too much of your time. Let me summarize in a few words the central topics of my talk. Legislation and peace conferences will never solve our problems. Let us take it

for granted that all kinds of national and international disputes are going to occur and continue to occur. Let us take it for granted, too, that we are to have a breathing space now and then. Let us use these breathing spaces, which we now call "depressions," wisely, as a time for examining our business, for finding out whether our turnover on capital cannot be speeded up, for examining our relations with our employees, and for finding out whether science cannot help us in the matter of standardizing our products and determining in advance what the public wants.

Finally let me say to those of you who are ready to advertise—look over your product—if you are proud of it and want to see it individualized—if you want to see it find a place in the affections of the public we all serve, do not believe any longer with Emerson when he says: "If a man write a better book, preach a better sermon or make a better mousetrap than his neighbor, though he build his house in the woods, the world will make a beaten path to his door." To get the world to come to your door in the year 1922 you must tell it about your wares—not noisily but well and frequently. Therefore you must look upon advertising as you look upon your sales force and your manufacturing plant—that is, as an integral and necessary part of your business as a whole.

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